

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
NELLSON NUTRACEUTICAL, INC., <i>et al.</i> ,	:	Case No. 06-10072 (CSS)
	:	Jointly Administered
	:	
Debtors.	:	Re: Docket No. 482
	:	

NOTICE OF APPEAL

The Official Committee of Unsecured Creditors, by and through its undersigned counsel, appeals to the United States District Court for the District of Delaware under 28 U.S.C. § 158(a) from the Order Authorizing and Approving Payments Under Management Incentive Program dated July 18, 2006 (the “Order”). The Order was entered on the docket of the above-captioned adversary case on July 18, 2006 as Docket Item No. 482 and is attached as Exhibit 1.

The names of all parties to the order appealed from and the names, addresses and telephone numbers of their respective attorneys are as follows:

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Prepetition Credit Agreements

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Party: Nellson Nutraceutical, Inc., *et al.*, Debtors and Debtors in Possession

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Dated: July 28, 2006
Wilmington, Delaware

REED SMITH LLP

By: /s/ Kurt F. Gwynne
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Counsel for Official Committee of Unsecured
Creditors

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re)	Chapter 11
)	
NELSON NUTRACEUTICAL, INC., ¹)	Case No. 06-10072 (CSS)
)	(Jointly Administered)
Debtors.)	Related Docket No. 334

**ORDER AUTHORIZING AND APPROVING PAYMENTS
UNDER MANAGEMENT INCENTIVE PLAN**

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (the "Debtors") for entry of an order authorizing and approving the Management Incentive Plan; and this Court having jurisdiction over the matters set forth in the Motion; and finding that notice of the Motion was appropriate, and that no further notice is needed; and upon the record established at the hearing on the Motion; and finding that good and sufficient cause exists to grant the relief set forth in the Motion; accordingly, it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that the Debtors are authorized to implement the Management Incentive Plan, substantially in the form attached hereto as Exhibit A; and it is further

¹ The Debtors and the last four digits of each of the Debtors' federal tax identification numbers are as follows: (a) Nellson Nutraceutical, Inc., a Delaware corporation, Fed. Tax Id. #5044; (b) Nellson Holdings, Inc., a Delaware corporation, Fed. Tax Id. #0642; (c) Nellson Intermediate Holdings, Inc., a Delaware corporation, Fed. Tax Id. #0653; (d) Nellson Northern Operating, Inc., a Delaware corporation, Fed. Tax Id. #7694, (e) Nellson Nutraceutical Eastern Division, Inc., a Delaware corporation, Fed. Tax Id. #8503; (f) Nellson Nutraceutical Powder Division, Inc., a Delaware corporation, Fed. Tax Id. #3670; and (g) Vitex Foods, Inc., a California corporation, Fed. Tax Id. #9218.

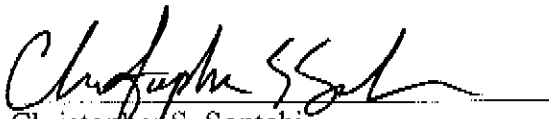
² Capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion,

ORDERED, that the Debtors are authorized, but not directed, to make payments to the Employees, under the Management Incentive Plan, up to an aggregate amount of \$1.395 million; and it is further

ORDERED, that all payments under the Management Incentive Plan shall be deemed allowed administrative expenses of the Debtors' estates under section 503(b) of the Bankruptcy Code; and it is further

ORDERED, that this Court shall retain jurisdiction over all matters set forth in the Motion, including the entitlement of any party to any payment pursuant to the Management Incentive Plan.

Dated: July 18, 2006


Christopher S. Sontchi
United States Bankruptcy Judge

06-521

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

APPEAL TRANSMITTAL SHEET

Case Number: 06-10072 ☒ BK ☐ AP

If AP, related BK Case Number: _____

Order Appealed: Order Authorizing and Approving Payments Under Management Incentive PlanDocket Number: 482Date Entered: 7/18/06Item Transmitted: ☒ Notice of Appeal
☐ Amended Notice of Appeal☐ Motion for Leave to Appeal
☐ Cross AppealDocket Number: 518Date Filed: 7/28/06

*Appellant/Cross Appellant:

Official Committee of Unsecured Creditors

Counsel for Appellant:

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*Appellee/Cross Appellee

Nelson Nutraceutical, Inc. ☒

Counsel for Appellee:

Rachel Lowy Werkheiser, Esq. ☒Pachulski Stang Ziehl Young Jones & Weintraub ☒919 Market Street, 17th Floor ☒Wilmington, DE 19801 ☒**If additional room is needed, please attach a separate sheet.*Filing Fee paid? ☒ Yes ☐ NoIFP Motion Filed by Appellant? ☐ Yes ☒ NoHard Copies of Designated Items Received? ☒ Yes ☐ NoHave Additional Appeals to the Same Order been Filed? ☒ Yes ☐ NoIf so, has District Court assigned a Civil Action Number? ☐ Yes ☒ No Civil Action # _____

Additional Notes:

Hard copies of designations received from appellee onlyAugust 23, 2006
DateBy: Lisa M. Cicone
Deputy ClerkBankruptcy Court Appeal (BAP) Number: 06-46
7/6/06

FOR USE BY U.S. BANKRUPTCY COURT